



## LEGISLATIVE UPDATE

September 11, 2015

After months of negotiating and close calls, it appears now that a budget deal between the House and Senate is only days away from going public. Many snags that prevented such a compromise have thankfully been resolved this week. Details of the entire formal arrangement have neither been announced nor published. The below information is merely a preliminary, tentative, and very unofficial “best guess” of line items that were seemingly decided as of Thursday:

- Student enrollment growth will continue to be fully funded, as set forth in the past three Continuing Resolutions (CR).
- Beginning teacher salaries will be raised to \$35,000.
- Teacher salary steps will be fully funded.
- All teachers and state employees will receive a one-time \$750 bonus (in addition to any other applicable step increases).
- Teaching Assistant (TA) funding is set to remain at the same level as last year. However, stipulations regarding how the money must be used (*i.e.*, for TAs only, or for TAs and teachers only, etc.) have not yet been disclosed.
- Driver Education will be funded for 2015-16 from existing state resources. Future years' funding is still not known, but may come from fines and forfeitures.
- A \$1.5 - 2 billion bond package will be on the ballot next year for a statewide referendum.
- No changes to the *Read to Achieve* statutes, despite House provisions that would have tweaked the law and allowed more reading assessment vendors into the mix.
- There will be no changes to the current state retiree/health benefits, despite rumors and reports of potential changes.

The budget deal may be posted to the General Assembly's [website](#) as early as Sunday, or at least early next week. If so, votes will be taken next week and, if passed by the Legislature, Governor McCrory will then review and presumably sign the budget bill ([HB 97](#) 2015 Appropriations Act) into law. The timing of the next few legislative days will be quite a crunch, given the current CR expiration date of 11:59 p.m., Friday, September 18. While a full workweek might appear to be plenty of time, the House Rules require the final budget bill to be public for three days before a vote. Therefore, if the budget is posted Sunday night, it will be Wednesday night at the earliest that the House could take its first vote. The added technical wrinkle is that because this budget deal is in the form of a Conference Report, only an “up or down vote” is allowed – amendments are not permitted.

On the Teaching Assistant funding flexibility, the agreement to fund TAs is still in place; however, it seems that leadership had not reached a resolution of whether local flexibility for this allotment will continue. As of Thursday evening, this issue was rumored to be the one and only outstanding matter not yet resolved in the public education arena. While most legislators have touted the importance of “local flexibility” with state funds, apparently this

year that sentiment is no longer in vogue among some Senators. The debate over the summer (with the House's insistence on keeping all teaching assistants to the extent possible) has revolved around the Senate taking the House to task on this notion. In other words, Senate leaders are essentially saying to the House: "If teaching assistants are as important as you contend, then this money must be used for teaching assistants," and no longer used for new teacher positions or other expenditures. The House has held the line to retain local flexibility allowed with the teaching assistant allotment. Reports have indicated that about forty-four LEAs diverted \$48 million from the teaching assistant allotment for primarily teacher positions in 2014-15.

On the state retiree benefits front, there was quite the kerfuffle on Thursday morning when House Minority Leader Representative Larry Hall (D-Durham) held a [press conference](#) on an alleged "secret society" among unnamed majority party leaders who were allegedly plotting to make changes to retiree pension and health benefits for new hires as of January 1, 2016. The rumored changes of eliminating, for new hires only, the retiree health benefits upon that new hire's retirement (*see* s. 30.32 of [Senate budget proposal](#)), and eliminating the defined benefit ("pension") plan for new hires upon retirement are concerns that the Teachers' and State Employees' Retirement System advocates had been fighting this summer, along with the State Employees Association of North Carolina, among other stakeholders. House and Senate leadership summarily dismissed any rumors by confirming that no such changes would be made to these retirement benefits this year.

#### **Other Bills with Action This Week:**

[HB 334](#) Charter School & Other Education Law Changes (*formerly*, "Transfer Office of Charter Schools")

- [Conference report](#) released
- Placed on House calendar for Monday, September 14
- Placed on Senate calendar for Tuesday, September 15

[SB 15](#) Unemployment Insurance Law Changes

- Signed by the Governor, SL 2015-238

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